



Report to the Legislature

Healthcare for Workers with Disabilities

Chapter 7, Laws of 2001, E2, Section 209 (5)(e)

January 15, 2003

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HEALTHCARE FOR WORKERS WITH DISABILITIES REPORT TO THE LEGISLATURE

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EXECUTIVE SUMMARY

The Department of Social and Health Services (DSHS) received the directive to implement the "Ticket to Work" Medicaid Buy-In for working persons with disabilities in Enrolled House Bill 2230. In Washington State this program is known as *Healthcare for Workers with Disabilities (HWD)*. In the 2001-2003 Operating Budget, Chapter 7, Laws of 2001, E2, Section 209 (5)(e), the Legislature defined the eligibility standards and directed DSHS to establish more restrictive standards and increase cost-sharing requirements, if necessary, to operate the program within appropriated funds. Reporting requirements included in this section of the budget directed DSHS to establish systems for tracking and reporting:

- ◆ Program enrollment and expenditures;
- ◆ Prior medical assistance eligibility status of program enrollees; and
- ◆ Prior and current employment status and approximate hours worked of program enrollees

This report describes enrollment in the program and program expenditures as of November 30, 2002. Due to a time lag of two quarters for obtaining complete data from the state's unemployment insurance database, employment measures included in this report reflect the period of time ending June 30, 2002.

To meet these reporting requirements, the Medical Assistance Administration (MAA) worked with Research and Data Analysis Division staff to modify the Employment Monitoring Data Project (EMDP). The standard EMDP reports illustrate trends of employment outcome indicators for DSHS clients using mental health, drug and alcohol treatment, vocational rehabilitation and developmental disabilities services. EMDP data included in this report reflects employment penetration and wages and hours worked before and after enrollment in the Medicaid Buy-In. Early data suggests the initial trend of an increase in employment among HWD enrollees.

To obtain other data included in the body of this report, MAA worked with Financial Services Administration staff for premium billing and collection information and extracted data from the Medicaid Management Information System for program expenditures. MAA staff also surveyed a sampling of enrollees for more current employment histories.

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HEALTHCARE FOR WORKERS WITH DISABILITIES REPORT TO THE LEGISLATURE

January 15, 2003

I. INTRODUCTION

A. LEGISLATIVE DIRECTIVE

The Department of Social and Health Services (DSHS) received the following directives in the 2001-03 Omnibus Operating Budget. Senate Bill 6153, Section 209 (5)(e) states:

“The department shall establish systems for tracking and reporting enrollment and expenditures in this program, and the prior medical assistance eligibility status of new program enrollees. The department shall additionally survey the prior and current employment status and approximate hours worked of program enrollees.”

In response to these directives, the Medical Assistance Administration (MAA) took the following steps to develop the necessary information systems capacity:

- ◆ Completed appropriate data-sharing agreements between divisions to ensure protection of confidential records;
- ◆ Modified the Employment Monitoring Data Project (EMDP) to include Medicaid Buy-In¹ enrollees;
- ◆ Designed interface and data collection protocols for adding data elements (e.g., prior Medicaid eligibility status) to the EMDP;
- ◆ Developed a fixed database to facilitate an internal evaluation of health systems improvement made possible by this Medicaid expansion; and
- ◆ Surveyed a sampling of approximately 30 percent of enrollees for current employment outcome indicators.

The fixed database merges described data from the following information systems:

- ◆ Eligibility data from the Automated Client Eligibility System (ACES);
- ◆ Unemployment insurance employer wage records to report on employment outcomes²;
- ◆ Medical expenditure data from the Medicaid Management Information System; and
- ◆ Premium billing and payment data from the Finance Division Collections and Accounts Receivable System.

¹ In Washington State the Medicaid Buy-In eligibility group is known as the Healthcare for Workers with Disabilities program.

² Employment outcomes include the percentage of individuals employed, employment retention rate, average hourly and monthly wages, percentage of individuals working over 20 hours per week and earning wages above the federal poverty level.

B. BACKGROUND

The federal Ticket to Work and Work Incentives Improvement Act of 1999 was intended to increase employment opportunities for persons with disabilities, focusing primarily on individuals participating in the two federal income assistance programs: Social Security Disability Insurance (SSDI) and Supplemental Security Income (SSI). A key provision of the Ticket to Work law gives states the option of expanding Medicaid coverage to persons with severe disabilities who work. The Medicaid expansion, often referred to as a “buy-in,” represents a major change in access to health care for persons with severe disabilities by greatly increasing the income and asset thresholds for Medicaid eligibility. Enrollment and costs are influenced by how a state designs its program.

To better understand the costs and benefits of implementing the optional Medicaid Buy-In, the Washington State Legislature funded a study by the Washington State Institute for Public Policy (WSIPP),³ which was completed in November 2000. Once implementation of the buy-in was enacted into law, legislative staff used results of the WSIPP study to determine initial eligibility and cost-sharing requirements (e.g., monthly premium) included in the 2001-2003 Operating Budget.⁴ Within this section of the budget, DSHS received directives to establish more restrictive standards, if necessary, to operate the program within appropriated funds and to establish the systems capacity necessary to provide this report.

II. ELIGIBILITY AND COST-SHARING REQUIREMENTS

As results of this report indicate (Section V), DSHS has not found it necessary to establish more restrictive eligibility standards or to increase cost-sharing requirements for the Medicaid Buy-In. Operational expenses have been considerably less than funds appropriated in the legislative proviso. Also, enrollment numbers remain less than those indicated in the WSIPP study. Table 1 shows the original projections for program costs and enrollment.

Total Appropriation for Fiscal Year 2002 and 2003 ⁵	\$4,000,000
Actual Program Expenditures	\$247,506
Projected Enrollment for Fiscal Year 2002 and 2003	422 and 1,125
Actual Program Enrollment as of November 30, 2002	140

III. PREVIOUS MEDICAID STATUS

Approximately 18 percent of program enrollees have not received Medicaid services prior to enrollment in this program. Most, however, were approved for services under the Medicaid Medically Needy program (or pending approval because of spenddown requirements) just prior to enrollment.

³ Section 607(8), EHB 2487

⁴ Section 209 (5)(e), SB 6153

⁵ Assumes January 2002 implementation

IV. MEDICAID BUY-IN ENROLLMENT AND EXPENDITURES

DSSH began enrolling persons eligible for the HWD program, on January 22, 2002.

A. ENROLLMENT

As of June 30, 2002, enrollment totaled 58. By November 30, 2002, HWD enrollment had increased to 140. Enrollment continues to grow at a slow but steady rate.

B. EXPENDITURES

As of November 30, 2002, HWD expenditures equal the amount described in Table 2. Also included in the table are reimbursement amounts from third-party liability insurance payments and premium billing and collection information.

TABLE 2 Expenditures	
ITEM	AMOUNT
HWD Expenditures to Date ⁶	\$ 282,542.40
Third-Party Liability Insurance Payments ⁷	\$ 1,563.22
Premiums Billed	\$ 43,241.00
Premiums Paid	\$ 33,473.00
Net Expenditures to Date	\$ 247,506.18

V. EMPLOYMENT MONITORING DATA PROJECT RESULTS

Early EMDP data included in this report (Table 3) which tracks unemployment insurance records between the last calendar quarter of 2001 and the second calendar quarter of 2002, reflects employment penetration and wages and hours worked before and after program enrollment. Information also includes the percentage of individuals working over 20 hours per week and earning wages above the federal poverty level. The numbers are so small and the follow-up period so short that no significant differences can be stated with confidence. However, the changes seen are in expected directions. Generally, a percentage of enrollees begin earning more income after they enter the program.

⁶ A total calculation of Medicaid expenditures will include payment of claims that may be billed for up to twelve months following the month of service.

⁷ MAA Coordination of Benefits staff identify all third-party resources to assure maximum use of Medicaid funds.

TABLE 3
Early Employment Statistics for HWD Enrollees

COHORT AND QUARTER	N	NUMBER EMPLOYED	MONTHLY WAGES	HOURLY WAGE RATE	% WORKING MORE THAN 20 HOURS A WEEK	% EARNING MORE THAN 100% FPL
<i>Persons who enrolled in HWD during Fiscal Year 2002, third quarter*</i>						
Before enrollment	22	19	\$686	\$10.20	32%	21%
After enrollment	22	22	\$530	\$9.15	23%	14%
<i>Persons who enrolled in HWD during Fiscal Year 2002, fourth quarter</i>						
Before enrollment	40	39	\$461	\$8.36	10%	13%
After enrollment	40	40	\$585	\$8.93	25%	15%

Source: The DSHS Research and Data Analysis Division (RDA) maintains the Employment Monitoring Database (EMDB). Employment records come from the Employment Security Department Unemployment Insurance file and DSHS ACES earned income reports.

Notes: Monthly and hourly wages are presented in constant 2001, quarter 4 dollars (Consumer Price Index adjusted) so they can be compared. Averages and percents are presented only for those who are employed. Employment rates for the “before” period include anyone who worked at any time during the quarter before he or she enrolled in the program.

*These early statistics suggest that those just beginning to work at the time of enrollment were working fewer hours and/or receiving a lesser wage rate than those employed in the quarter before enrollment. As the number of enrollees increase, changes in the number of hours and wage rates will stabilize and provide a more equitable snapshot of employment outcomes.

VI. SURVEY OF PROGRAM ENROLLEES

MAA staff also surveyed a sampling of enrollees (16 individuals or approximately 28 percent as of the end of Fiscal Year 2002) for more current employment histories to supplement data obtained from the EMDB. Information obtained related to employment prior to enrollment, current employment, and approximate hours worked suggests the following:

- ◆ Approximately 20 percent were not employed prior to enrollment;
- ◆ Of those not previously employed, approximately 50 percent are working up to 50 hours per month, while the other 50 percent are working up to 100 hours per month;
- ◆ Approximately 80 percent were employed prior to enrollment; and
- ◆ Of those previously employed, most are working approximately 100 hours per month and approximately 6 percent increased number of hours worked up to 50 percent.

VII. TOTAL INCOME DISTRIBUTION OF PROGRAM ENROLLEES

Experience in other states in which the Medicaid Buy-In has existed for a longer period of time shows that time is a critical element in effectively removing barriers to employment for persons with disabilities. Since this program has been in operation for only one year and is one part of a larger work incentive initiative, which includes implementation of the "Ticket" in the latter part of 2003, increases in employment and earnings of program participants continue to be expected.

Until their earnings begin to exceed standards set by the Social Security Administration, most HWD enrollees will remain eligible for SSDI cash benefits based on the amount of social security taxes they have paid into the trust fund. Therefore, they will continue for at least twelve months to receive SSDI cash benefits (referred to as unearned income), in addition to earnings that result from their work. Table 4 and 5 reflect an income distribution analysis based on ACES data completed in October 2002 when HWD enrollment had reached 117.

TABLE 4		
Income Averages		
EARNED INCOME	UNEARNED INCOME	TOTAL INCOME
\$535	\$730	\$1,265

Note: Monthly wages are presented in constant 2001, quarter 4 dollars (Consumer Price Index adjusted) so they can be compared.

TABLE 5		
Earned Income Distribution		
EARNED INCOME	NUMBER OF ENROLLEES	PERCENTAGE OF ENROLLEES
\$0 - 200	13	11%
\$201 - 400	26	22%
\$401 - 600	38	32%
\$601 - 800	23	20%
\$801 - \$1,000	7	6%
\$1,001 - 1,200	4	3%
\$1,201 - 1,400	3	3%
\$1,401 AND ABOVE	3	3%

VII. NEXT STEPS

Through procurement of federal funds under the Ticket to Work Medicaid Infrastructure Grant Program, MAA is working with RDA EMDP staff and the Oregon Health Policy Institute (OHPI) to develop a complex database to support the research and evaluation of the Medicaid Buy-In at both the state and federal level. Under the direction of the Centers for Medicare and Medicaid Services, DSHS staff actively participate in the OHPI project that includes work with project staff in other states. Results of this project will provide, in the near future, a more comprehensive analysis of the costs and benefits of the HWD program for people with disabilities who are working in Washington State.